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8 **MICROSEMI CORPORATION**

9
10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

13 O₂ MICRO INTERNATIONAL LIMITED, a) Civil Action No. C-07-2073-CRB
14 Cayman Islands corporation,)
15 Plaintiff,)
16 v.) **DECLARATION OF STEVEN**
MICROSEMI CORPORATION, a Delaware) **LITCHFIELD IN SUPPORT OF**
17 corporation,) **MICROSEMI'S MOTION TO**
18 Defendant.) **DISMISS, STAY, OR TRANSFER;**
19) **AND TO EXTEND TIME TO**
20) **ANSWER COMPLAINT**
21) Date: June 8, 2007
22) Time: 10:00 a.m.
23) Ctrm: 8, 19th Floor

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The Honorable Charles R. Breyer

1 I, Steven Litchfield, declare as follows:

2 1. I am Vice President-Corporate Marketing & Business Development of
3 Microsemi Corporation. If called upon to do so, I could and would testify truthfully as
4 follows.

5 2. One product manufactured and sold by Microsemi is the LX1691 inverter
6 controller. An inverter controller is an integrated circuit (computer chip) used to control the
7 lights that illuminate LCD displays from behind. The LX1691 is used by many well-known
8 manufacturers and distributors of LCD screens, including Sony.

9 3. In late March of this year, I learned that Microsemi had been named as a party
10 to an ongoing patent lawsuit brought by O2 Micro against Rohm Co., Ltd. and various Sony
11 companies, including Sony Corporation and Sony Electronics, Inc. (collectively "Sony"). I
12 have since learned that this case is formally known as *O₂ Micro International Ltd. v. Rohm*
13 *Co., Ltd., Sony Corp., Sony EMCS Corp., Sony Corp. of America, and Sony Electronics, Inc.*,
14 Case No. 2:05-CV-211 (TJW), in the Eastern District of Texas. In that lawsuit, O2 Micro
15 claims that Microsemi's LX1691 inverter controller, when included in various Sony products,
16 infringes three of O2 Micro's patents.

17 4. During March and April of this year, I discussed a possible cross-license
18 agreement to resolve the Texas lawsuit with Bob Harkins, Director of Litigation for O2
19 Micro. The last discussion prior to O2 Micro's filing of this lawsuit on April 12, 2007,
20 occurred on either April 9, 2007 or April 10, 2007.

21 5. As part of these discussions, Mr. Harkins requested that Microsemi grant O2
22 Micro a license on several Microsemi patents, including U.S. Patent Nos. 5,615,093,
23 5,923,129, 5,930,121, and 6,198,234, in exchange for a lump sum royalty. O2 Micro would
24

1 grant Microsemi a license under the three patents that O₂ Micro had asserted against the
2 LX1691 in Texas in exchange for a substantial per-unit royalty.

3 6. I rejected Mr. Harkins' offer and made a counteroffer of a royalty-free cross-
4 license. I explained to Mr. Harkins that O₂ Micro had significantly undervalued Microsemi's
5 patents. Mr. Harkins rejected my counteroffer. I told Mr. Harkins that, because Microsemi
6 was now a party in the Texas lawsuit, his rejection of my proposal to end the litigation forced
7 Microsemi to take action against O₂ Micro in the Texas lawsuit.

9 7. In the Texas lawsuit, Microsemi has accused O₂ Micro of infringing two of the
10 patents, U.S. Patent Nos. 5,930,121 and 6,198,234, that are in this declaratory judgment
11 action.

12 8. The LX1691 is the commercial product sold by Microsemi under U.S. Patent
13 Nos. 5,930,121 and 6,198,234.

14 9. Microsemi and O₂ Micro are direct competitors in the inverter controller
15 market. Microsemi's and O₂ Micro's inverter controllers are not interchangeable in the sense
16 that the owner of an existing LCD display cannot replace a Microsemi inverter controller with
17 an O₂ Micro inverter controller, or vice-versa. However, the components have similar
18 function, technology, features, and pricing, such that a company designing a new LCD screen
19 would consider both Microsemi inverter controllers and O₂ Micro inverter controllers when
20 deciding which inverter controller to use in the new design.

22 I declare under penalty of perjury under the laws of the United States of America that
23 the foregoing is true and correct.

24 Executed this 3 day of May 2007, at GARDEN GROVE, California.

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27 
28 Steven Litchfield

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